

## SHARE BUYBACK PROGRAMME

The following paragraphs include the information that must be included in the Board of Directors' report pursuant to article L. 225-211 of the French Commercial Code and that relates to the description of the share buyback programme in accordance with article 241-2 of the French Financial Markets Authority (AMF) General Regulations.

### Transactions performed by the Company on its own shares during the 2016/17 financial year (1 July 2016 – 30 June 2017)

#### Authorisations granted to the Board of Directors

During the Combined (Ordinary and Extraordinary) Shareholders' Meeting of 6 November 2015, the Company's shareholders authorised the Board of Directors to buy or sell the Company's shares for a period of 18 months as part of the implementation of a share buyback programme. The maximum purchase price was set at €150 per share and the Company was not authorised to purchase any more than 10% of the shares making up the Company's capital; additionally, the number of shares held by the Company could not, at any time, exceed 10% of the shares comprising the Company's capital.

Furthermore, the Combined (Ordinary and Extraordinary) Shareholders' Meeting of 17 November 2016 authorised the Board of Directors to trade in the Company's shares under the same conditions and at a maximum purchase price set at €150 per share, for a period of 18 months. This authorisation cancelled the authorisation granted by the Shareholders' Meeting of 06 November 2015 with effect from 17 November 2016, up to the portion which remained unused.

Pursuant to these authorisations, the liquidity agreement compliant with the AMAFI Code of Conduct and entered into with Rothschild & Cie Banque with effect from 1 June 2012 was renewed on 1 June 2017 for a period of one year. The funds initially allocated to the liquidity account amount to €5,000,000.

The authorisation granted by the Shareholders' Meeting of 17 November 2016, which remains in force at the date this document was filed, will expire on 16 May 2018. The Shareholders' Meeting of 9 November 2017 will be called upon to authorise the Board of Directors to trade in the Company's shares under a new share buyback programme described below, under "Details of the new programme to be submitted for authorisation to the Combined (Ordinary and Extraordinary) Shareholders' Meeting of 9 November 2017".

#### Summary table at the close of the 2016/17 financial year

##### Position on 30.06.2017

|  |              |
|--|--------------|
| % of direct and indirect treasury shares         | 0.52%        |
| Number of shares held                            | 1,376,368    |
| Number of shares cancelled in the last 24 months | None         |
| Nominal value                                    | €2,133,370   |
| Gross carrying amount                            | €117,590,037 |
| Portfolio market value*                          | €161,379,148 |

\* Based on the closing price at 30.06.2017, i.e. €117.25.

## Summary of transactions performed by the Company on its own shares during the 2016/17 financial year

The following table details the transactions performed by the Company on treasury shares within the scope of the share buyback programme during the financial year 2016/17.

| Total gross flows from 01.07.2016 to 30.06.2017 |            |  |                         |                        |                        |                                     |                                     |                                     |                    |                       |           | Open positions on 30.06.2017 |                   |                 |               |
|---|------------|--|-------------------------|------------------------|------------------------|-------------------------------------|-------------------------------------|-------------------------------------|--------------------|-----------------------|-----------|------------------------------|-------------------|-----------------|---------------|
| Liquidity agreement                             |            | Transactions carried out (excluding liquidity agreement) |                         |                        |                        |                                     |                                     |                                     |                    |                       |           | Long positions               |                   | Short positions |               |
| Operations                                      | Purchase   | Sales  | Purchases of securities | Call options purchased | Call options exercised | Exercise of the cancellation clause | Exercise of the cancellation clause | Exercise of the cancellation clause | Sale of securities | repurchase agreements | Transfers | Call options*                | Forward purchases | Put options     | Forward sales |
| Number of shares                                | 192,731    | 186,231  | -                       | 320,000                | 245,000                | 197,360                             | 176,140                             | 160,000                             | -                  | -                     | 404,226   | 1,763,720                    | -                 | -               | -             |
| Maximum term                                    | -          | -  | -                       | 16.12.2019             | 08.11.2017             | 23.06.2017                          | 14.06.2018                          | 01.07.2016                          | -                  | -                     | -         | 16.12.2019                   | -                 | -               | -             |
| Average price (€)                               | 109.39     | 109.22   | -                       | -                      | -                      | -                                   | -                                   | -                                   | -                  | -                     | -         | -                            | -                 | -               | -             |
| Average price for the year (€)                  | -          | -  | -                       | 105.81                 | 88.11                  | 64                                  | 68.54                               | 78.93                               | -                  | -                     | -         | 89.09                        | -                 | -               | -             |
| Amount (€)                                      | 21,081,889 | 20,339,646   | -                       | 33,859,200             | 21,586,950             | 12,631,040                          | 12,072,636                          | 12,628,800                          | -                  | -                     | -         | 157,124,792                  | -                 | -               | -             |

\* Cancellation clause attached to sale and repurchase agreement.

Under the share buyback programme approved by the Shareholders' Meeting of 17 November 2016, implemented by the Board of Directors, optional hedges corresponding to 320,000 shares were established through the acquisition of the same number of three-year call options (American calls).

Pursuant to authorisations granted by the Combined (Ordinary and Extraordinary) Shareholders' Meeting of 17 November 2016, the Board of Directors implemented a stock option allocation plan and a performance-based share allocation plan on 17 November 2016. The 320,000 American calls, which enabled the same number of Pernod Ricard shares to be acquired, were allocated to hedge part of these stock option and performance-based share allocation plans.

Treasury shares constitute reserves covering the various stock options and performance-based share allocation plans still in force. During the period, transfers were made within these reserves of treasury shares: 73,650 shares were allocated to tax residents of France benefiting from the performance-based share plan of 6 November 2013 (at the end of the three-year vesting period).

Cancellation clauses attached to shares sold under sale and repurchase agreements were transferred as and when rights were exercised. During the period, 533,500 shares were concerned by exercising these cancellation clauses at an average price of €69.98.

Under the liquidity agreement signed with Rothschild & Cie Banque, during the period, the Company:

- purchased 192,731 shares for a total amount of €21,081,889; and
- sold 186,231 shares for a total amount of €20,339,646.

## Distribution of treasury shares on 30 June 2017

Treasury shares are all allocated as reserves for different stock option and performance-based share allocation plans.

## Details of the new share buyback programme to be submitted for authorisation to the Combined (Ordinary and Extraordinary) Shareholders' Meeting of 17 November 2016

The description of this programme (see below), which was established in accordance with article 241-3 of the AMF's General Regulations, will not be published separately.

As the authorisation granted by the Shareholders' Meeting of 17 November 2016 allowing the Board of Directors to trade in the Company's shares is due to expire on 16 May 2018, a resolution will be proposed at the Shareholders' Meeting of 9 November 2017 (12<sup>th</sup> resolution – see Section 7 of this Registration Document "Combined (Ordinary and Extraordinary) Shareholders' Meeting") to grant a further authorisation to the Board to trade in the Company's shares at a maximum purchase price of €200 per share, excluding acquisition costs.

This authorisation would enable the Board of Directors to purchase Company shares representing a maximum of 10% of the Company's share capital. In accordance with the law, the Company may not, at any time, hold a number of shares representing more than 10% of its share capital.

As the Company may not hold more than 10% of its share capital, and given that it held 1,369,868 shares (i.e. 0.52% of the share capital) at the time of the declaration relating to the number of shares and voting rights on 30 June 2017, the maximum number of shares that can be bought will be 25,172,291 (i.e. 9.48% of the share capital), unless it sells or cancels shares it already holds.

The purpose of the share buybacks and the uses that may be made of the shares repurchased in this manner are described in detail in the 12<sup>th</sup> resolution to be put to the vote of the shareholders on 9 November 2017. The share buyback programme would enable the Company to purchase the Company's shares or have them purchased for the purpose of:

- (i) allocate shares or transfer them to employees and/or Executive Directors of the Company and/or its current or future affiliates under the terms and conditions provided for by law, in particular by granting stock options or as part of employee profit-sharing plans; or
- (ii) cover its commitments pursuant to financial contracts or options with cash payments concerning rises in the stock market price of the Company's share, granted to employees and/or Executive Directors of the Company and/or its current or future affiliates under the terms and conditions provided for by law; or
- (iii) make free allocations of shares to employees and/or Executive Directors of the Company and/or its current or future affiliates under the terms and conditions of articles L. 225-197-1 *et seq.* of the French Commercial Code, it being specified that the shares may be allocated, in particular, to an employee savings plans in accordance with the provisions of article L. 3332-14 of the French Labour Code; or
- (iv) retain them and subsequently tender them (in exchange, as payment or otherwise) within the scope of external growth transactions, subject to the limit of 5% of the number of shares comprising the share capital; or
- (v) deliver shares upon the exercise of rights attached to securities granting access to the share capital through reimbursement, conversion, exchange, presentation of a warrant or in any other manner; or
- (vi) cancel all or some of the shares repurchased in this manner, under the conditions provided for in article L. 225-209 paragraph 2 of the French Commercial Code and in accordance with the authorisation to reduce the share capital to be granted by the Combined (Ordinary and Extraordinary) Shareholders' Meeting, in the 13<sup>th</sup> resolution below; or
- (vii) allow an investment services provider to act on the secondary market or to ensure liquidity of the Company's share by means of liquidity agreements in compliance with the terms of a Code of Conduct approved by the French Financial Markets Authority (AMF).

This programme is also intended to enable the Board of Directors to trade in the Company's shares for any other authorised purpose or any purpose that might come to be authorised by law or regulations in force.

The Company may purchase a number of shares such that:

- the Company does not purchase more than 10% of the shares comprising the Company's share capital at any time during the term of the share buyback programme; this percentage applies to the share capital adjusted based on capital transactions carried out after this Shareholders' Meeting; in accordance with the provisions of article L. 225-209 of the French Commercial Code, when shares are repurchased to favour liquidity of the share under the conditions set out by the applicable regulations, the number of shares taken into account for calculating the 10% limit equates with the number of shares purchased, less the number of shares sold during the authorisation period; and that

- the number of shares held by the Company at any time does not exceed 10% of the number of shares comprising its share capital.

These shares may be purchased, sold, transferred, delivered or exchanged, on one or more occasions, by any authorised means pursuant to the regulations in force. These means include, in particular, over-the-counter transactions, sales of blocks of shares, sale and repurchase agreements, the use of any financial derivative instruments traded on a regulated or over-the-counter market, and the setting up of option strategies (purchases and sales of puts and calls and any combinations thereof in compliance with the applicable regulations). Transactions involving blocks of shares may account for the entire share buyback programme.

These transactions may be carried out during periods considered appropriate by the Board of Directors. However, during a public offer period, the repurchases would only be carried out subject to the conditions that they:

- enable the Company to comply with its commitments subscribed prior to the offer period;
- are undertaken within the scope of the pursuit of a share buyback programme that was already in progress;
- fall within the scope of the objectives referred to in points (i) to (v); and
- cannot cause the offer to fail.

The Board of Directors may also, in compliance with the applicable legal and regulatory provisions, reallocate the previously repurchased shares (including those repurchased under a previous authorisation) to another objective, or carry out a disposal of those shares (on or off the market).

This authorisation will be valid for a period of 18 months from the date of this Shareholders' Meeting and cancels as from this same date, for any unused portion, the authorisation granted to the Board of Directors to trade in the Company's shares by the Combined (Ordinary and Extraordinary) Shareholders' Meeting of 17 November 2016 in its 15<sup>th</sup> resolution.

## OTHER LEGAL INFORMATION

### Related-party transactions

Transactions with related parties are described in Note 6.6 – *Related parties* of the Notes to the consolidated financial statements (Section 5 of this Registration Document).